



THE QUEEN'S HEALTH SYSTEMS

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Representative Marcus Oshiro, Chair
House Committee on Finance

Thursday, February 23; 12:00 PM (Agenda #3)
State Capitol, Conference Room 308

**Re: HB 2097 HD1 - RELATING TO THE ISSUANCE OF SPECIAL PURPOSE
REVENUE BONDS TO ASSIST NOT-FOR-PROFIT CORPORATIONS THAT
PROVIDE HEALTH CARE FACILITIES TO THE GENERAL PUBLIC**

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is John Nitao, Vice President and General Counsel for The Queen's Health Systems, **testifying in support of HB 2097 HD1 with a request to amend the effective date to July 1, 2012.** The bill extends the lapse date of the special purpose revenue bonds authorized to assist The Queen's Health Systems in Act 176, Session Laws of Hawaii 2003, and as amended by Act 86, Session Laws of Hawaii 2007. The SPRBs will finance the costs of construction, improvements, and equipment at The Queen's Medical Center.

The 2003 Legislature recognized the vital role that The Queen's Medical Center plays in the care of Hawaii's people, and passed legislation authorizing the issuance of SPRBs for the benefit of The Queen's Health Systems and The Queen's Medical Center (collectively, "Queen's"). Under the SPRBs, The Queen's Health Systems will be the borrower, but all loan proceeds will be utilized by The Queen's Medical Center to enhance patient care. In the past, Queen's utilized this important funding mechanism to finance (1) the replacement of old equipment with state of the art equipment, (2) the building of new facilities, (3) the renovation of existing facilities, and (4) the purchase of new medical technology.

Since 1859, Queen's has been committed to providing quality health care services to the people of Hawaii. The extension of the sunset date will allow Queen's to further invest in its infrastructure and equipment to continue to do so, and to meet the health care needs of the community. Queen's believes that the provisions in HB 2097 HD1 will aid it in meeting its mission and respectfully requests that you pass this measure with an effective date of July 1, 2012.

Thank you for the opportunity to testify.



HOUSE COMMITTEE ON FINANCE
Rep. Marcus Oshiro, Chair

Conference Room 308
February 23, 2012 at 12:00 noon

Supporting HB 2097: **Relating to the Issuance of Special Purpose Revenue Bonds to Assist Not-For-Profit Corporations that Provide Health Care Facilities to the General Public**

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of HB 2097, which extends the existing authorization to issue special purpose revenue bonds (SPRBs) for The Queen's Health Systems from 2013 to 2018.

State law authorizes the Department of Budget and Finance to issue SPRBs for certain types of projects that benefit the community. These projects include health care facilities that are provided to the general public by not-for-profit corporations.

SPRBs are attractive to corporations because they reduce the cost of financing capital projects. At the same time, they are attractive to investors because the interest income derived from them is exempt from State taxes.

It should be noted that the issuance of SPRBs does not involve any appropriation or expenditure of State funds, and it does not affect the financial liability of the State. The bonds are backed by the revenue from the particular project funded by the non-profit corporation.

The Queen's Health Systems intends to use the SPRBs as a means of financing health care facilities. In providing financial support to The Queen's Health Systems, this bill will improve access to health care for Hawaii's residents.

For the foregoing reasons, the Healthcare Association supports HB 2097.